



Corporate Presentation

March 2021

TSXV: ALV

OTCQX: ALVOF



Cautionary Statements

- **Forward Looking Statements.** This presentation contains forward-looking statements including forecasted future earnings and sales volumes, the anticipated timing of construction and development projects, future exploration and development plans (including the timing and associated spending of such) and, results from future operations. These statements are based on current assumptions and judgments that involve numerous risks and uncertainties, which may cause actual results to differ from those anticipated. These risks include, but are not limited to: the timing of regulatory licenses and approvals, the impact of the COVID-19 pandemic, the ability to access capital markets, the risks inherent in the oil and gas industry, operational risks relating to exploration, development and production; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks; and fluctuations in foreign currency exchange rates and commodity prices. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements. Certain of these risks are set out in more detail in our 2019 MD&A and in our 2019 Annual Information Form as well as in our most recent MD&A, all of which are available on SEDAR and can be accessed at www.sedar.com.
- **Test results.** There is no representation by Alvo Petro that the data relating to any well test results contained in this presentation is necessarily indicative of long-term performance or ultimate recovery. The reader is cautioned not to unduly rely on such data as such data may not be indicative of future performance of the well or of expected production or operational results for Alvo Petro in the future.
- **Non-GAAP Measures.** This presentation contains financial terms that are not considered measures under International Financial Reporting Standards (“IFRS”), such as funds flow from operations, funds flow per share, operating netback, net debt and net working capital (deficit) surplus. For further information and reconciliation to these GAAP measures, see “Non-GAAP Measures” in our most recent MD&A. This presentation also refers to Net Asset Value, Net Asset Value per Share, and Earnings Before Interest, Tax, Depreciation, and Amortization (“EBITDA”). These measures are commonly utilized in the oil and gas industry and are considered informative for management and shareholders. Net Asset Value represents the value of the underlying assets held by the Company less its liabilities and Net Asset Value per Share is used to indicate the per unit market value. See Endnote 2 at the end of this presentation for further details as to how Net Asset Value and Net Asset Value per Share is computed. EBITDA is used to measure the Company’s operating performance and the cash available for reinvestment and distribution to stakeholders. Its most comparable GAAP measure is the Company’s net loss and is reconciled to such by adding back depletion and depreciation, impairment, interest and taxes, as presented on the Company’s Statement of Operations and Comprehensive Loss. The non-GAAP measures within this presentation may not be comparable to those reported by other companies nor should they be viewed as an alternative to measures of financial performance calculated in accordance with IFRS.
- **Net Present Value.** The net present value of future net revenue attributable to Alvo Petro’s reserves is stated without provision for interest costs and general and administrative costs, but after providing for estimated royalties, production costs, development costs, other income, future capital expenditures, well abandonment and reclamation costs for only those wells assigned reserves and material dedicated gathering systems and facilities for only those wells assigned reserves by GLJ Petroleum Consultants (“GLJ”) respectively. The GLJ evaluation was dated March 6, 2020 with an effective date of December 31, 2019 (the “GLJ Report”). Full disclosure with respect to the Alvo Petro’s reserves as at December 31, 2019 is contained in the annual information form filed on SEDAR (www.sedar.com). It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to the Alvo Petro’s reserves estimated GLJ represent the fair market value of those reserves. Actual reserves may be greater than or less than the estimates provided herein. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.
- **Prospective Resources.** This presentation discloses estimates of Alvo Petro’s prospective resources as evaluated by GLJ with an effective date of July 31, 2020 as announced by Alvo Petro on September 8, 2020. Estimates of prospective resources involve additional risks over estimates of reserves. The accuracy of any resources estimate is a function of the quality and quantity of available data and of engineering interpretation and judgment. While resources presented herein are considered reasonable, the estimates should be accepted with the understanding that reservoir performance subsequent to the date of the estimate may justify revision, either upward or downward. Prospective resources have both a chance of discovery and a chance of development, which combined represent for any undiscovered accumulation its chance of commerciality.
- **Currency.** All amounts within this presentation are in U.S. dollars, unless otherwise noted.

Alvopetro - A Leading Brazilian Independent Gas Company



Brazil-focused integrated natural gas producer

- 7.9 mmboe 2P (88% natural gas) with focus on Caburé field with Gomo gas upside potential
- Two high impact exploration catalysts in H1 2021, best estimate unrisks prospective resource of 4.6 and 5.9 mmboe⁽⁹⁾



Strategic midstream infrastructure to support growth (100% working interest)

- Gas plant and pipeline designed with 18 mmscf/d of capacity that can handle organic growth and midstream revenue generation potential
- Only independently owned gas plant in the Basin that has natural gas production of 60 mmcfpd



Stable & secure revenues with long term gas sales agreement

- Gas sales to AA-rated offtaker with a price floor/ceiling of \$5.28 to \$8.89/mmbtu
- EBITDA margin of 67% supports organic growth and future dividends



Demonstrated ESG commitment

- Project declared in the public interest, strong local impact
- Supports a 53% reduction in greenhouse gas emissions when end users switch to natural gas from fuel oil



Proven management team with successful LatAm track record

- Experience building and managing growth portfolios from 0 to 40+ kboe/d at Petrominerales (Colombia) and Pacalta Resources (Ecuador)
- Managed successful exits of both businesses, generating ~\$2.8 billion in proceeds

Brazil Is a Growing Market with Attractive Fundamentals



Largest oil producer in S. America and 9th globally



New natural gas market. 48% of supply is currently imported



World's 9th largest economy



Attractive fiscal regime with 5.5-11% royalties & 15%-34% income tax



ANP mission to promote a stable regulatory framework and attract new investments



Significant growth opportunities through Petrobras divestments

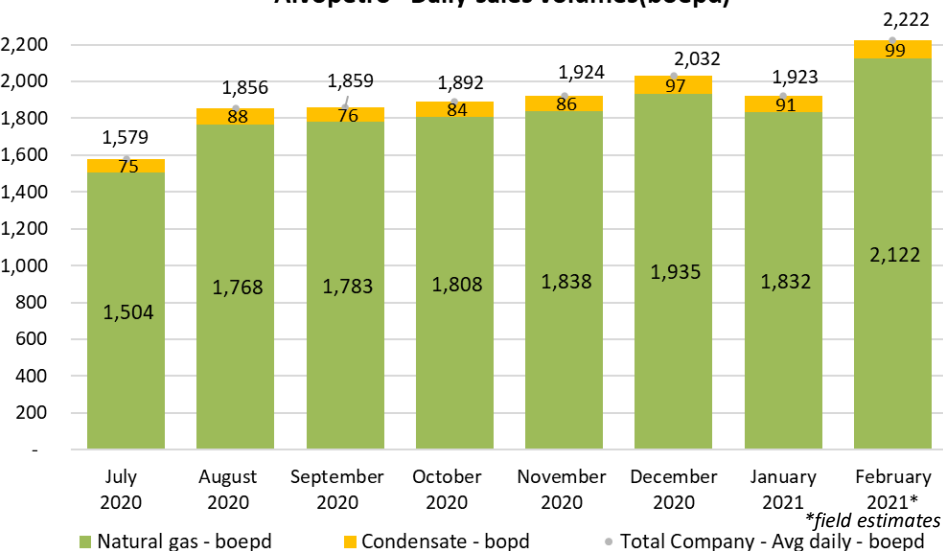
Brazil is ripe for growth -- carrying out the most pro-business reforms in the past year (World Bank)

Resources:

World Bank; ANP.gov - Development Perspective presentation (May 2018), Pre-Salt Exploration presentation (May 2018), Brazilian O&G Market Revival presentation (May 2018), ANP presentation, Pathway for Energy Transition post COVID-19 (June 2020)

Corporate Overview – Operating and Financial Results

Alvopetro - Daily sales volumes(boepd)



Q3 Operating Netback

Average realized prices⁽³⁾

Natural gas (\$/mcf)	5.37
NGL – condensate (\$/bbl)	44.75
Total (\$/boe)	32.79

Operating netback (\$/boe)⁽³⁾

Realized sales price	32.79
Royalties	(2.81)
Production expenses	(3.99)
Operating netback	25.99
Funds flow netback	22.25

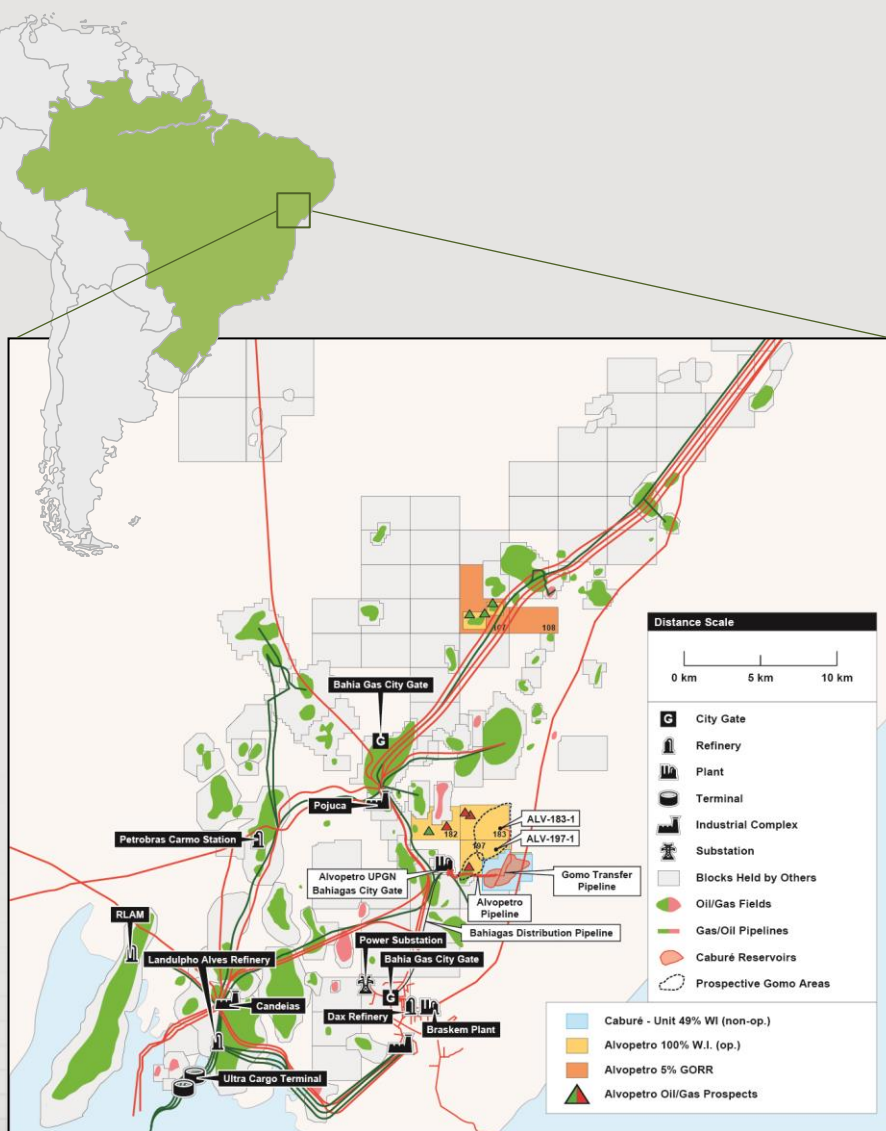
Capital structure

Common shares outstanding (000's) ⁽¹⁾	99,726
March 1, 2021 share price ⁽¹⁾	C\$0.79/\$0.65
52 week high/low – C\$/share	C\$0.95/C\$0.48
Market cap (000's) ⁽¹⁾	C\$78,784/\$64,822
Insider ownership % ⁽¹⁾	9.3%

Financial & Reserves

Cash (\$000's) ⁽³⁾	\$3,167
Net debt(\$000's) ^{(3),(7)}	\$13,103
Q3 2020 funds flow from operations (\$000's) ⁽³⁾	\$3,610
- Per basic share	\$0.04
Debt/Forecasted EBITDA ⁽⁷⁾	0.7x
2P reserves (mboe) ⁽⁴⁾	7,906
2P reserve life index (years)	12
Net asset value (\$000's) ⁽²⁾	\$186,229
Net asset value per share ⁽²⁾	C\$2.36/\$1.87

Platform To Unlock Basin-wide Natural Gas Potential



Upstream Assets:

- **Caburé** (49% WI, non-operated)
 - 7 wells drilled
 - 2P reserves 6.2 mmboe (37.2 Bcfe) ⁽⁴⁾
 - Gas deliveries commenced on July 5, 2020
- **Gomo** (100% WI, non-operated)
 - Deep basin gas project
 - 2 existing wells
 - Optimized production test currently underway

Midstream Assets (100% Alvo Petro):

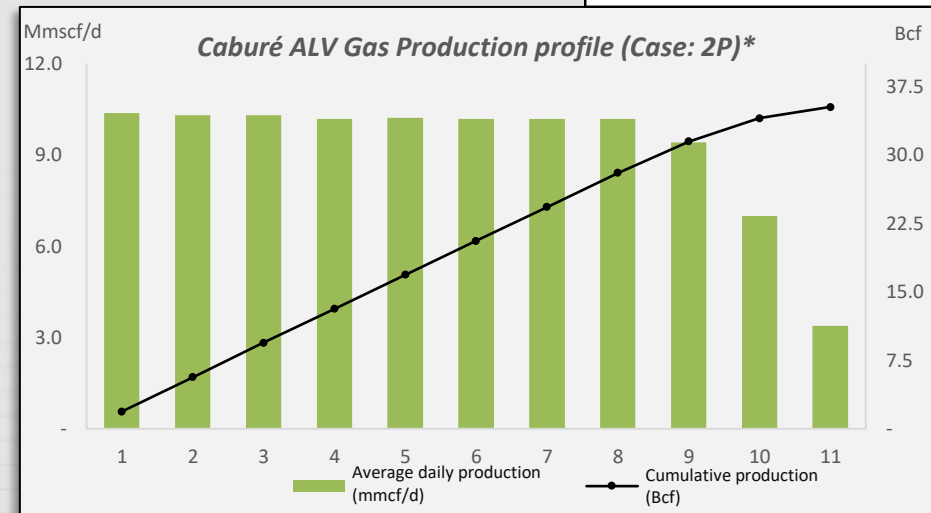
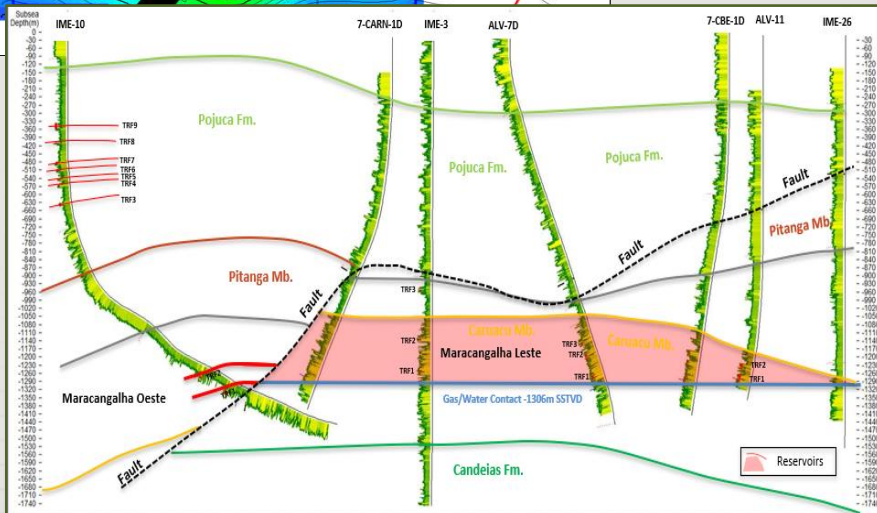
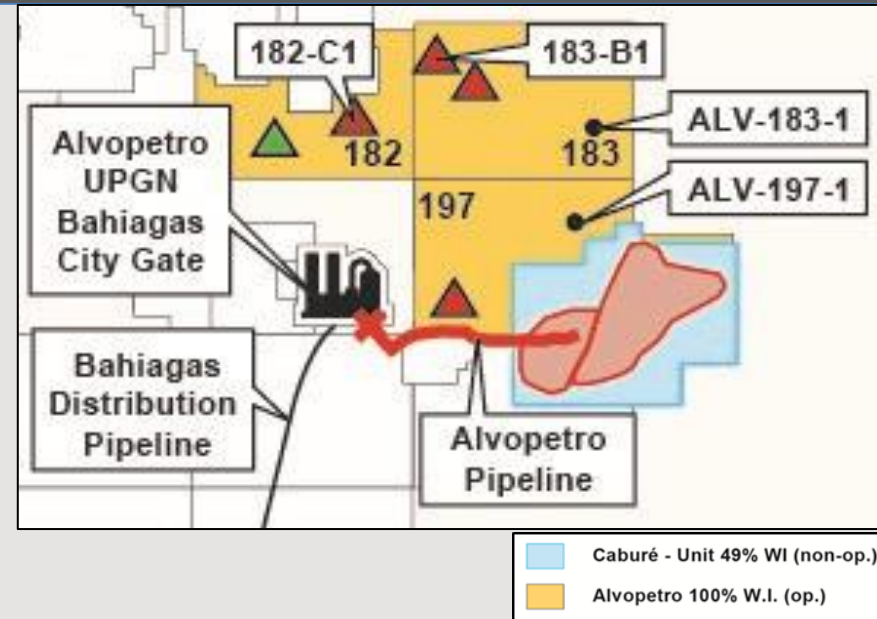
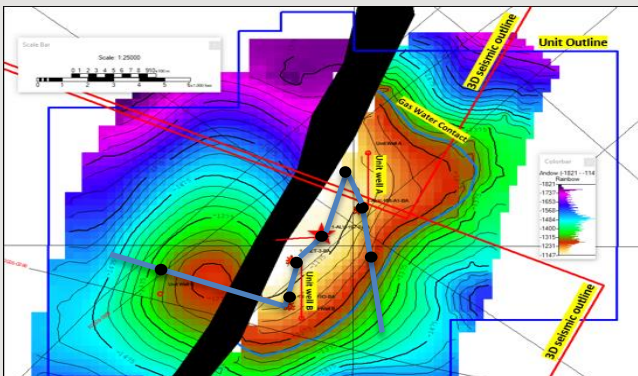
- **Pipeline:** 11 km transfer pipeline
- **Gas Processing Facility:** 18 mmscf/d capacity
 - Gas Treatment Agreement with Enerflex (TSX:EFX)
- First 100% independently controlled natural gas pipeline and treatment facility in Brazil

Growth Potential:

- 2 natural gas prospects to be drilled in 2021, best estimate unrisks prospective resource of:
 - 182-C1 – 4.6 mmboe ⁽⁹⁾
 - 183-B1 – 5.9 mmboe ⁽⁹⁾
- 6 additional prospects identified across 23,527 acres, all 100% WI
- Opportunities to monetize adjacent producers associated and stranded/flared gas production
 - Ability to market additional gas through existing infrastructure
- Active Petrobras divestment processes in-basin

Caburé – Asset Overview (49.1% ALV)

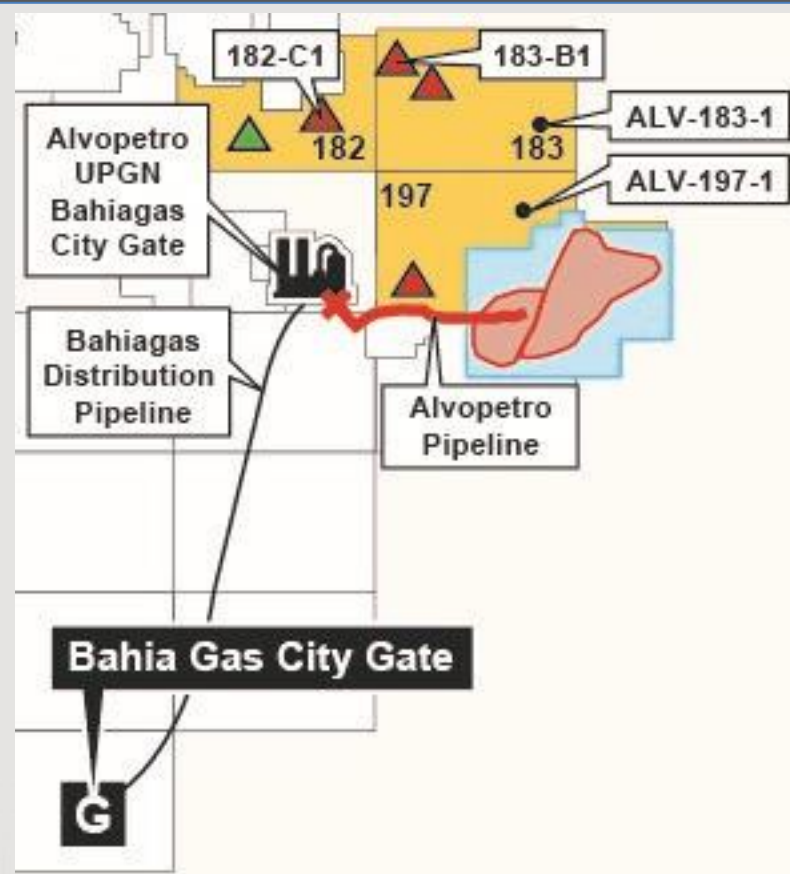
- Upstream – core asset is a joint development of a conventional natural gas discovery - ALV 49.1% (light blue)
 - Unitized development area 7 existing wells & all production facilities completed
- Designed gross production plateau 15.9 mmcf/d (450 e3m3)



*Caburé only, ALV company working interest, based on GLJ 12/31/19 reserve report forecast

Midstream - Infrastructure & Marketing (100% ALV)

- ALV owned 11-km transfer pipeline from the Unit (red —)
- ALV Gas Plant (UPGN) constructed by Enerflex with 18 mmcfpd capacity
- Bahiagás 15-km pipeline (black —) & 70 mmcfpd citygate at our plant site completed in July 2020
- This is the only non-Petrobras gas plant in state of Bahia capable of delivering ANP sales specified natural gas
- Highly strategic legacy asset with excellent growth potential
- Gas deliveries commenced on July 5, 2020
- Precedent setting long-term GSA signed with Bahiagas gas distribution company (majority owned by Mitsui – Fitch AA rating)
- Gas price floor of US\$5.28/mmbtu and cap of US\$8.98/mmbtu (indexed to US CPI) as of Feb 1, 2021
- Feb 1, 2021 – July 31, 2021 gas price BRL\$1.06/m3 (US\$5.88/mcf)^{(5)*}



**Forecasted natural gas prices will be impacted by fluctuations in BRL/USD currency exchange. Gas volumes are heat-content adjusted so that Alvopetro receives payments on an energy basis.*

Caburé – Unit Development HUB

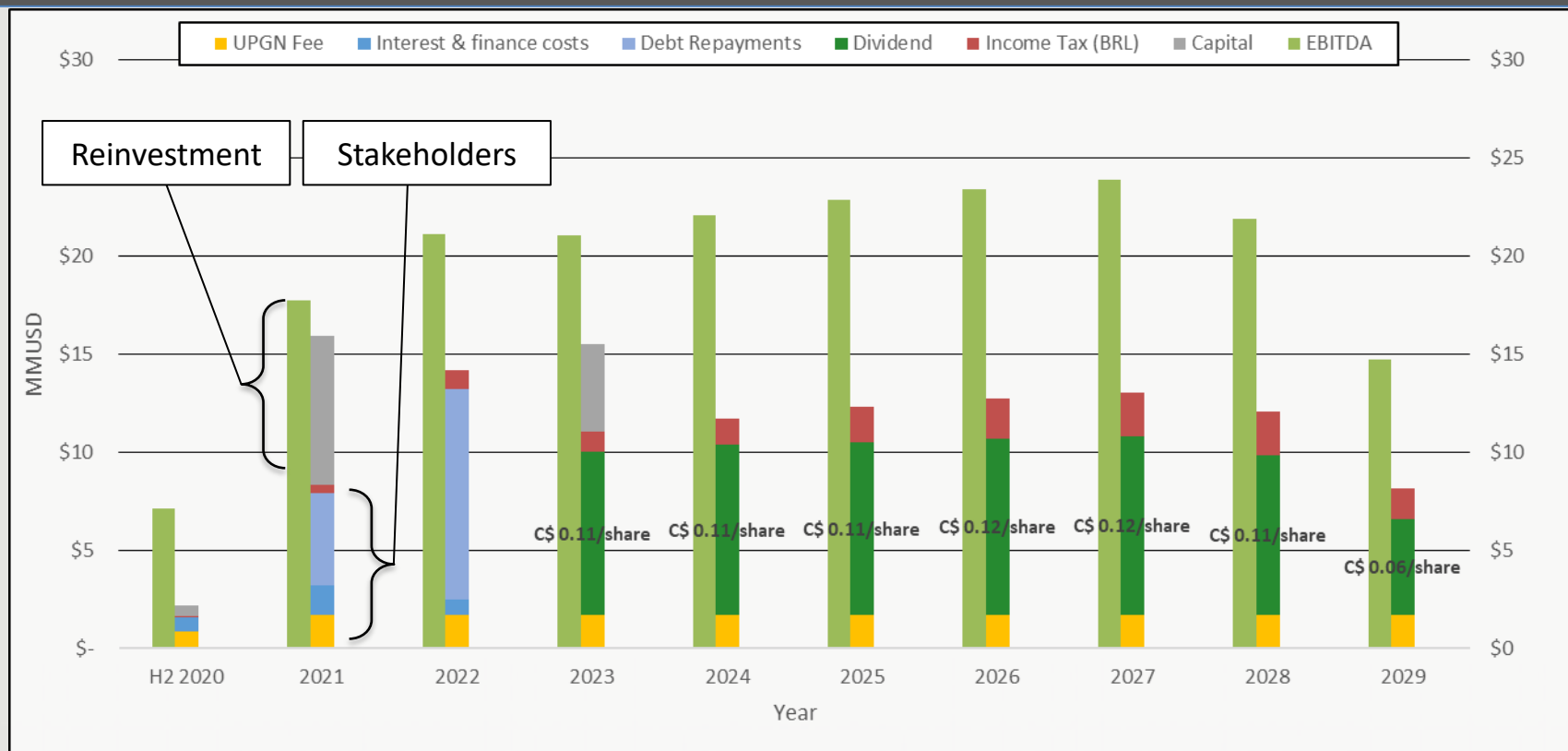


↑ N

Gas Treatment Facility and City Gate



Disciplined Reinvestment & Investor Return Model – Caburé 2P



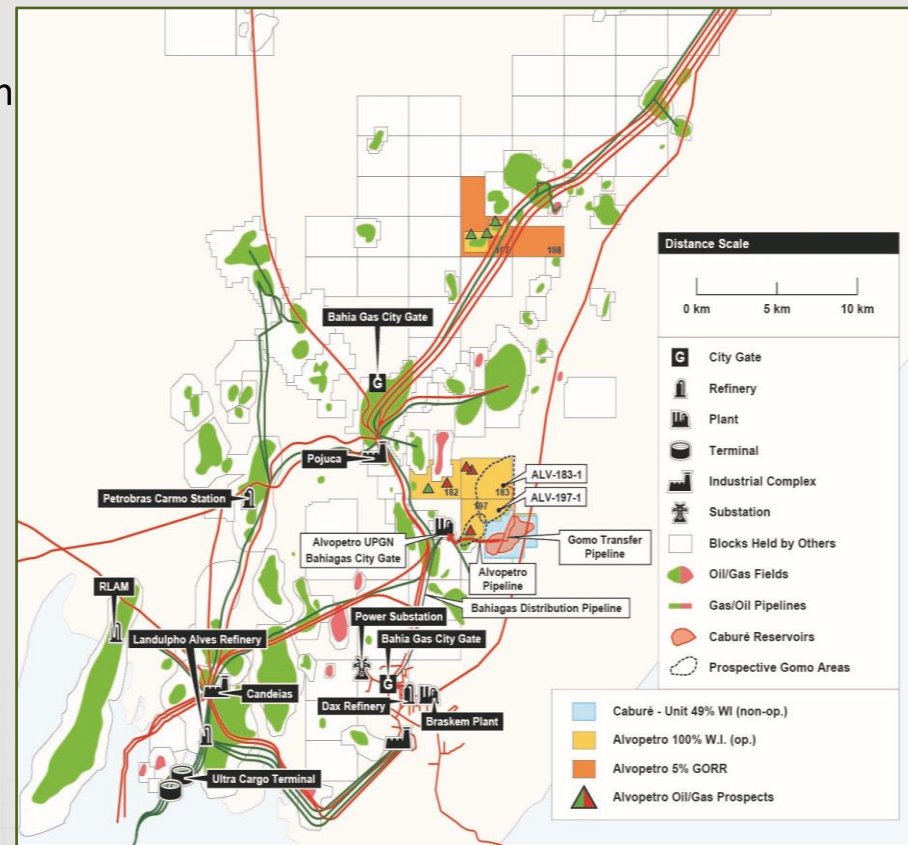
- Significant cash generating capacity just from development of Caburé 2P reserves, low maintenance capital
- Floor pricing protects free cash flow, at floor price 2021 EBITDA, from Caburé alone, is \$18 million⁽⁸⁾
- Funds returns to stakeholders (50%) and high impact upstream reinvestment (50%)
- Assumes 100% debt repayment by Q4 2022 and cumulative dividends of C\$0.74/share, dividends can be accelerated if debt maturity is extended or additional free cash flow is directed toward stakeholder payments
- Does not reflect any upside from >\$86 million (C\$1.12/share) of additional capital available for upstream reinvestment

Assumptions: Caburé 2P reserves adjusted for July 5 start date, 01/01/21 GLJ Pricing Scenario, less forecast G&A⁽⁸⁾; \$15 million credit facility with repayments starting in 2021; Dividends starting in 2023= (EBITDA -Income Tax) * 50% less interest, UPGN integrated service fee, and debt interest and repayments.

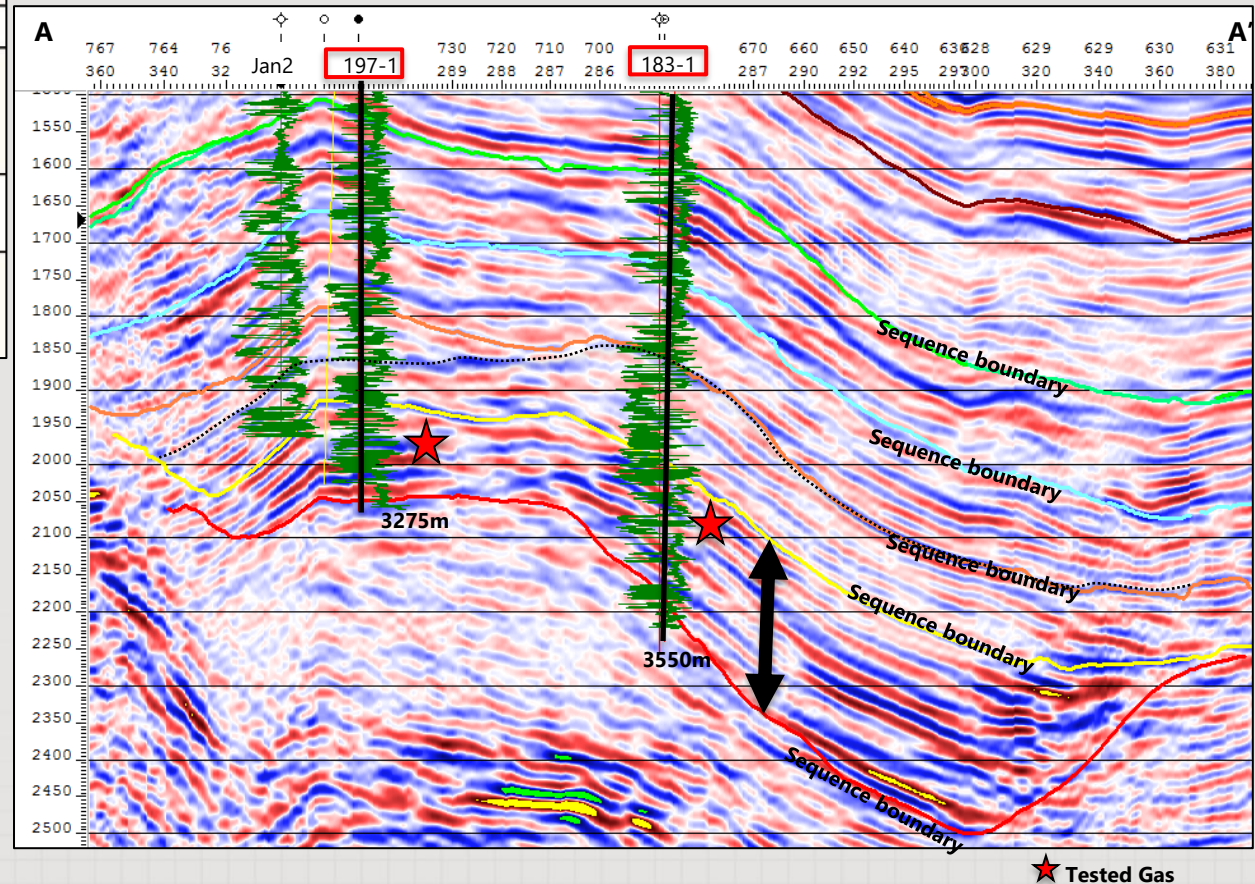
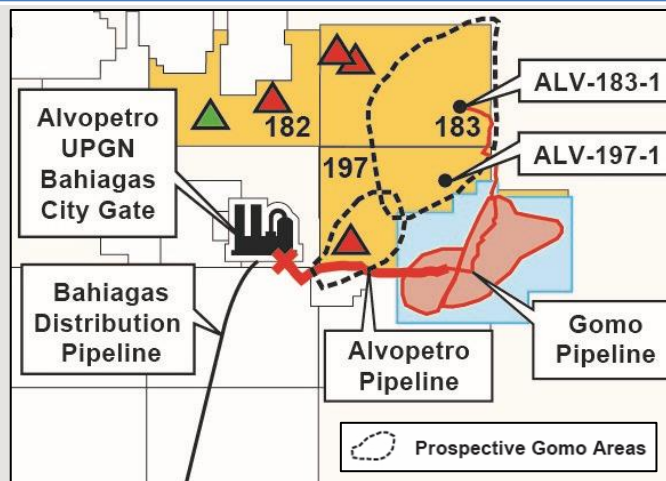
Growth Potential - Exploration & Acquisition Upside

Objective is to fully utilize our strategic midstream assets (18 mmcfpd)

- Highly under-explored prospective land base (23,527 acres, 100% working interest)
- Gomo tight gas play with 2 existing wells – production test underway
- Eight exploration prospects identified, supported by high quality reprocessed seismic
- 2021 exploration program with unrisked prospective resource evaluated by GLJ (best estimate)⁽⁹⁾:
 - ALV-182-C1 4.6 mmboe
 - ALV-183-B1 5.9 mmboe
- All of Petrobras' onshore production assets being divested
- Targeting midstream processing and gas marketing opportunities
- H22020 & 2021 capital budget of US\$7.6 million represents just 31% of EBITDA forecast

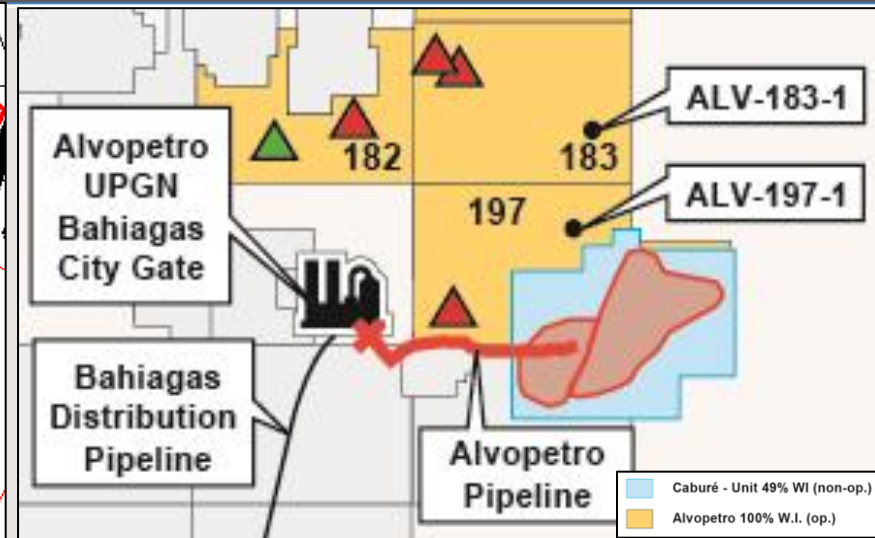
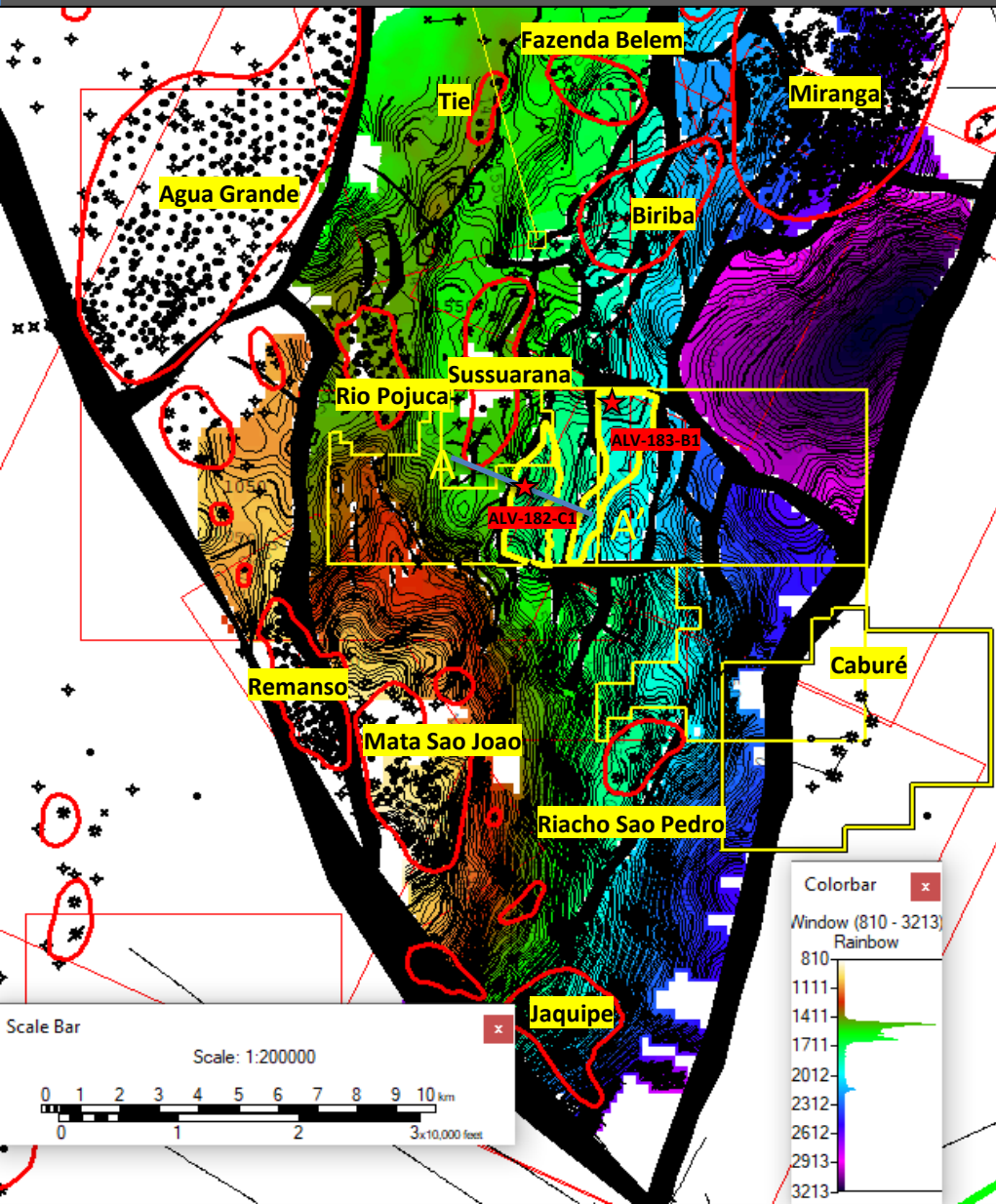


Gomo Deep Basin Natural Gas Resource (100% ALV)



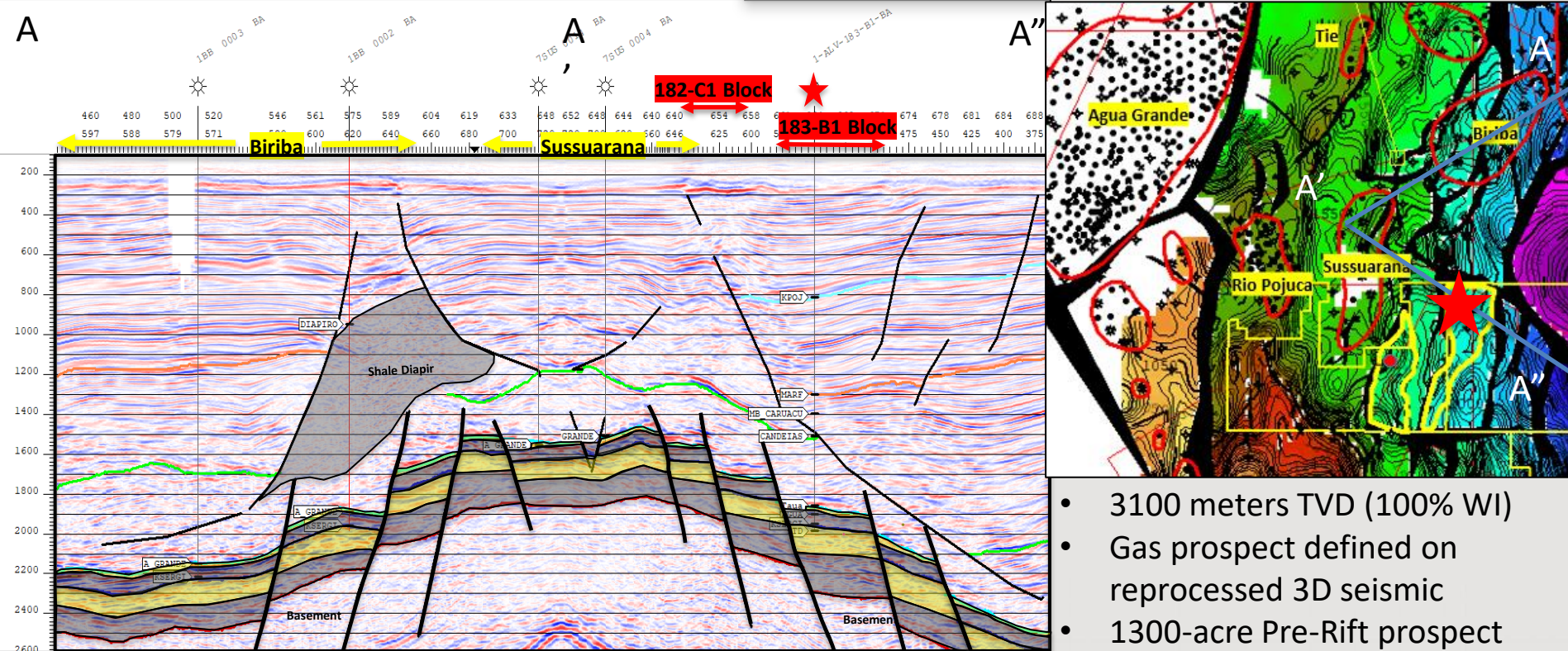
- Confirmed natural gas resource in 197-1 and 183-1 wells
- 2P reserves 8.1 Bcfe ⁽⁴⁾ assigned to drainage areas around existing 2 wells
- Block 183 optimized production test commenced January 2021
- Designing “fit for purpose” development well
- Environmental permit for 8-km tie-in approved
- 5,460-acre geobody
- Long-term production results will define the broader deep basin development opportunity across our acreage

2021 Natural Gas Exploration Drilling Program



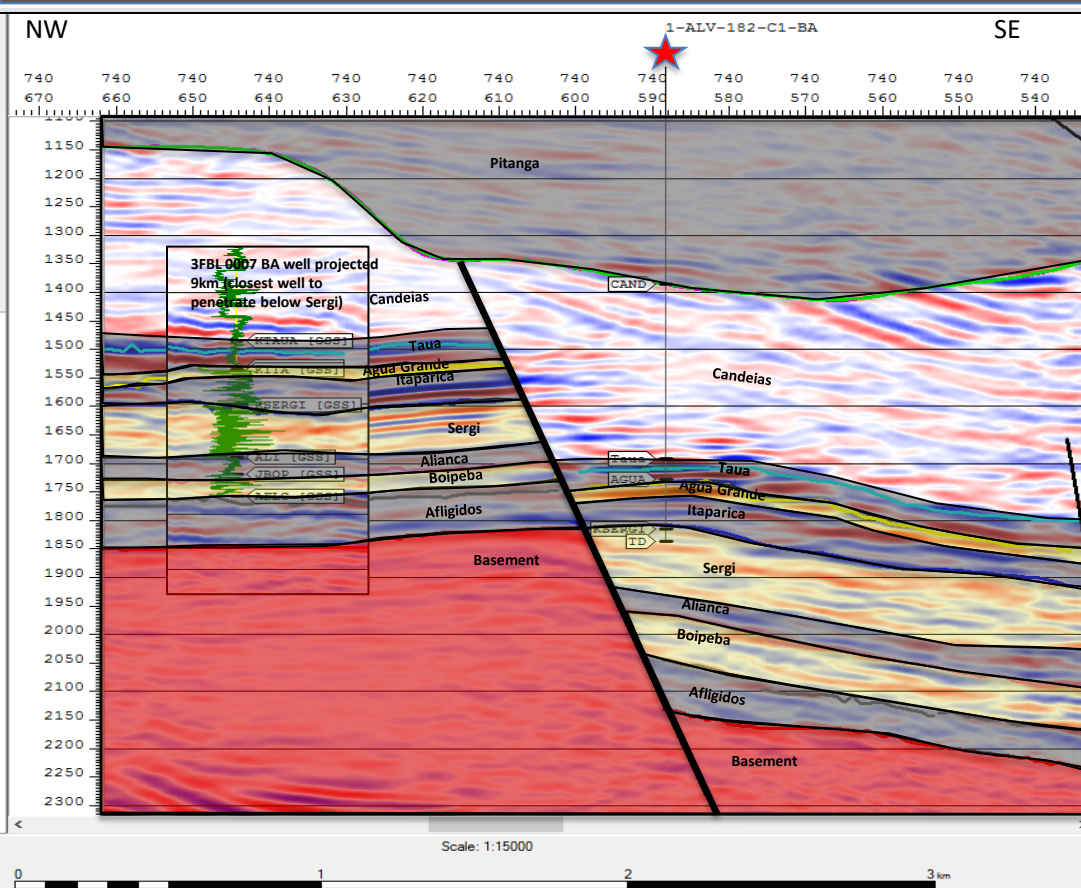
- ALV-182-C1 & ALV-183-B1 Pre-Rift natural gas prospects (100% WI)
- Unrisked prospective resource evaluated by GLJ (best estimate)⁽⁹⁾
 - ALV-182-C1 4.6 mmboe
 - ALV-183-B1 5.9 mmboe
- Prospects defined on reprocessed 3D seismic data
- Key analog fields
 - Biriba OGIP 55 BCF (9.2 mmboe)
 - Sussuarana OGIP 26 BCF (4.3 mmboe)

ALV-183-B1 Pre-Rift Agua Grande/Sergi Gas Prospect



- GLJ independent prospective resource assessment, gross lease unrisked prospective resource 5.9 mmboe⁽⁹⁾
 - 44% chance of discovery, 100% chance of development

- 3100 meters TVD (100% WI)
- Gas prospect defined on reprocessed 3D seismic
- 1300-acre Pre-Rift prospect
- Seal potential for Agua Grande Fm and Sergi Fm similar to the fault set up for the offsetting Biriba analog gas field
- Sand/sand juxtaposition in analogs indicates sealing faults
- Location is licensed



- 2900 meters TVD (100% WI)
- 780-acre pre-rift prospect, maximum column height 135m
- Gas prospect defined on reprocessed 3D seismic
- Seal potential is excellent for Sergi Fm juxtaposed against basement. Agua Grande Fm is juxtaposed against Afligidos shale
- Location is licensed
- GLJ independent prospective resource assessment gross lease unrisked prospective resource 4.6 mmboe⁽⁹⁾
 - 48% chance of discovery, 98% chance of development

Track Record of Delivery

April-May 2018



Caburé Unitization & Signed GSA

- The unitization agreement at Cabure encompasses 4 existing wells the first of which was drilled in 2014
- After considerable time and effort, that agreement was finalized between all commercial and regulatory participants, paving the way for the eventual monetization of the asset

October 2018



Equity Support for Project Development

- Completed a private placement for aggregate gross proceeds of C\$5.2mm (\$4.0mm)
- The Placement was priced at C\$0.45/sh (\$0.35/sh), equal to the 5-day VWAP
- The transaction brought in strategic US investors
- Underpinned listing on OTCQX"

Through June 2019



Award Development Contracts

- UPGN facility & operating agreement
- 11km transfer pipeline contract award
- Environmental licenses and ANP authorizations received

September 2019



Project Financing Secured

- Entered into a \$15mm Credit Agreement with Cordiant Capital
- The Facility is secured by all of Alvopetro's assets, matures in 3 years and bears a 9.5% interest rate, payable monthly
- The net proceeds funded: exploration drilling; Cabure Transfer Pipeline; Gas Treatment Facility; Caburé & Gomo development costs

Mid 2019 - May 2020



Portfolio Growth

- Unit facilities construction & development drilling increased 2P reserves by 30% to 7.9 mmboe
- Completed final construction of Caburé development
- Stimulated and tested 183(1) Gomo well

July 5, 2020



First Caburé Gas

- Q3 production 1,764 boepd
- Q4 production 1,950 boepd
- January 2021 production 1,923 boepd
- February 2021 production 2,222 boepd
- Flat production forecast with very low maintenance capital requirements
- Q3 2020 funds flow from operations \$3.6 million
- Supports shareholder returns, and
- Capital to reinvest in growth

+351%

Consistent growth and execution has generated a 351% ⁽¹⁾ shareholder return since 2018

Why Invest

- Stable production profile with little to no maintenance capital and an 11.9-year reserve life index
- Attractive long-term gas sales agreement with \$5.28/mmbtu floor price
- Highly strategic infrastructure in heart of the Basin near major industrial demand
- High margin production – Q3 2020 \$25.99/boe and funds flow from operations of \$3.6 million (\$0.04/share, \$0.03/diluted share)
- Disciplined stakeholder return and reinvestment model with active strategy to accelerate dividends
- Attractive valuation – trading at 33% of 2P NAV
- Near-term, high-impact exploration catalysts



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Endnotes

1. As of March 1, 2021. C\$ share price and C\$ market cap (TSXV), \$ share price and \$ market cap (OTCQX). Share price return 2018-2020 YTD from December 29, 2017 to March 1, 2021(TSXV).
2. Net Asset Value of \$186.2 million (\$1.87/share, C\$2.36/share) includes; 2P NPV10 before tax of \$198.2 million of reserves as evaluated by GLJ as at 12/31/19, cash and cash equivalents of \$3.2 million (at 9/30/2020), credit facility balance outstanding of \$15.3 million (at 9/30/2020) non-cash working capital deficit of \$0.9 million (at 9/30/2020), and equipment inventory of \$1.1 million (at 9/30/2020). Per share value based on 99,726,311 shares outstanding as of February 1, 2021. C\$/share based on February 1, 2021 exchange rate of C\$1.2824/\$1US.
3. As of September 30, 2020. Production, operating netback and funds flow from operations for three months ended September 30, 2020.
4. Proved ("1P") reserves, proved plus probable ("2P") reserves, and proved plus probable plus possible ("3P") reserves evaluated by GLJ as of December 31, 2019.
5. The natural gas price is set semi-annually in Brazilian Real and therefore the forecasted USD equivalent will fluctuate from the USD floor price based on actual exchange rates. Natural gas price in US\$/mcf translated at February 1, 2021 exchange rate of 5.46. Forecasts assume a BRL:USD exchange rate of 5.10:1 for the period February 1, 2021 to July 31, 2021.
6. Based on EIA & EPA average energy and emissions intensities.
7. As of September 30, 2020, Alvopetro had drawn \$15 million under the credit facility, with \$15.3 million outstanding including interest due on repayment. Net debt is computed as the carrying amount of the Credit Facility, decreased by net working capital surplus or increased by net working capital deficit. As of September 30, 2020, Alvopetro's net debt is \$13.1 million. In February 2021, Alvopetro \$2.5 million of principal outstanding under the credit facility bringing the balance outstanding to \$13.0 million including interest due on repayment as of March 1, 2021. Debt/EBITDA assumes Debt of \$13.0 million and EBITDA of \$18 million in 2021.
8. Forecasted production and EBITDA based on Caburé 2P reserves adjusted for July 5 start date, 1/01/21 GLJ Pricing Scenario, less G/A. See GLJ's price forecast <https://www.gljpc.com/sites/default/files/pricing/oct20.pdf>. The forecasted natural gas price may be below the floor price as a result of forecast foreign currency fluctuations.
9. Undiscovered Petroleum Initially in Place ("UPIIP") and Prospective Resources evaluated by GLJ with an effective date of July 31, 2020. See Alvopetro press release dated September 8, 2020 for further details. UPIIP values do not include an implied truncation for minimum economic field size. Prospective resources have been truncated for minimum economic field size of 2.2 BCF. Prospective resources have both a chance of discovery and a chance of development, which combined represent for any undiscovered accumulation its chance of commerciality. For the 182-C1 prospect, the chance of discovery is 0.48, with a chance of development of 0.98, for an overall chance of commerciality of 0.47. For the 183-B1 prospect, the chance of discovery is 0.44, with a chance of development of 1.00, for a chance of commerciality of 0.44. The chance of commerciality has been included in the estimation of the risked prospective resources.